

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

OTR WHEEL ENGINEERING, INC.,
BLACKSTONE/OTR, LLC, and F.B.T.
ENTERPRISES, INC.,

Plaintiffs,

v.

WEST WORLDWIDE SERVICES, INC.,
and SAMUEL J. WEST, individually and
his marital community, et al.,

Defendants.

No. CV-14-085-LRS

**ORDER GRANTING
MOTION FOR
RECONSIDERATION
RE WORD MARK
AND PRE-SUIT
DAMAGES**

BEFORE THE COURT is “Defendants’ Motion For Reconsideration Of Denial Of Motion For Summary Judgment Regarding Outrigger Word Mark And Pre-Suit Counterfeiting Damages.” (ECF No. 331). This motion is heard without oral argument.

I. RECONSIDERATION STANDARD

Fed. R. Civ. P. 60(b)(6) permits a court to relieve a party from an order for “any reason that justifies relief.” It “is to be used sparingly as an equitable remedy to prevent manifest injustice and is to be utilized only where extraordinary circumstances exist.” *Harvest v. Castro*, 531 F.3d 737, 749 (9th Cir. 2008). “A motion for reconsideration should not be granted, absent highly unusual

**ORDER GRANTING MOTION
FOR RECONSIDERATION-**

1 circumstances, unless the district court is presented with newly discovered
 2 evidence, committed clear error, or if there is an intervening change in the
 3 controlling law.” *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*,
 4 571 F.3d 873, 880 (9th Cir. 2009). Such motions are not the proper vehicle for
 5 offering evidence or theories of law that were available to the party at the time of
 6 the initial ruling. *Fay Corp. v. Bat Holdings I, Inc.*, 651 F. Supp. 307, 309 (W.D.
 7 Wash. 1987).

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9 **II. OUTRIGGER WORD MARK (‘934 Registration)**

10 In its order denying summary judgment (ECF No. 312), this court analyzed
 11 alleged use of the *Outrigger* word mark only in the context of infringement of a
 12 registered trademark under 15 U.S.C. § 1114. The court agrees it erred in finding
 13 that a genuine issue of material fact whether the *Outrigger* word mark was “buffed
 14 off” the test tires while in China precluded summary judgment on a claim that the
 15 word mark was infringed by “use in commerce” as defined in 15 U.S.C. § 1127.
 16 The word mark was removed before the goods were shipped in interstate
 17 commerce to Genie for testing in the United States. Furthermore, the court
 18 maintains its position, as expressed in its previous order at footnote 3 on page 4,
 19 that the reference to “Outrigger” on certain e-mails, does not constitute
 20 infringement under §§ 1114 and 1127.

21 Plaintiffs, however, also allege a claim under 15 U.S.C. § 1125(a). In their
 22 First Amended Complaint, Plaintiffs specifically allege that “Defendants’ removal
 23 of the OTR marks and the use of these dis-branded products in commerce is also a
 24 violation of the Lanham Act, 15 U.S.C. § 1125(a).” § 1125(a) provides:

25 (1) Any person who, on or in connection with any goods or
 26 services, or any container for goods, uses in commerce any
 27 word, term, name, symbol or device, or any combination
 28 thereof, **or any false designation of origin, false or misleading
 description of fact, or false or misleading representation of
 fact, which—**

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

§1125(a) provides for two major and distinct types of "unfair competition:" (1) infringement of even unregistered marks, names and trade dress, and (2) "false advertising." 5 McCarthy on Trademarks and Unfair Competition §27:9 (4th ed.).

The court maintains its position that there is a genuine issue of material fact whether the *Outrigger* name was "buffed off" the test tires. Accordingly, there is a genuine issue of material fact whether Defendants falsely represented to Genie that the test tires were their own tires when in fact, they were *Outrigger* tires which at one time bore the *Outrigger* word mark, and that Defendants did so in an effort to seek an unfair competitive advantage over the Plaintiffs by getting Genie to buy tires from Defendants rather than Plaintiffs. "A variation on the false advertising prong of [§1125(a)] is presented in cases finding a violation that a product is created, designed, or authorized by someone other than the true creator." 5 McCarthy on Trademarks and Unfair Competition §27:75 (4th ed.).

Prior to 1989, §1125(a), also known as § 43(a), was not triggered unless defendant "shall cause such goods or services to enter into commerce, with "commerce" defined in §1127 to mean "all commerce which may be regulated by Congress." 5 McCarthy on Trademarks and Unfair Competition §27:47 (4th ed.). After the 1989 amendment to § 1125(a), "what is needed is that a person, in connection with good or services, uses in 'commerce' a designation or misleading representation that violates [§ 1125(a)]." *Id.* Defendants caused the test tires to be shipped in interstate commerce from China to the United States to Genie for

1 testing. Because there is an issue of material fact whether the *Outrigger* name was
2 “buffed off” the test tires, there is an issue of material fact whether Defendants, in
3 connection with those tires, used in “commerce” a designation or misleading
4 representation in violation of § 1125(a).

5 The facts do not permit Plaintiffs to pursue a claim for infringement of their
6 *Outrigger* word mark under 15 U.S.C. §1114, but they do permit Plaintiffs to
7 pursue a claim for false representation under §1125(a). There is a genuine issue of
8 material fact which precludes summary judgment on that claim.

9 10 **III. PRE-SUIT COUNTERFEITING DAMAGES (‘169 Registration)**

11 Plaintiffs concede 15 U.S.C. §1111 is a limit on the recovery of profits
12 and/or damages under 15 U.S.C. §1117(a). §1111 provides that “in any suit for
13 infringement under this chapter by such a registrant failing to give such notice of
14 registration, no profits and no damages shall be recovered under the provisions of
15 this chapter unless the defendant had actual notice of the registration.”

16 Accordingly, Plaintiffs cannot recover profits and/or damages for infringement of
17 the registered tire tread design trade dress for any period of time before
18 Defendants had “actual notice” of registration of that mark. This court clearly
19 erred in finding otherwise.¹

20 As Defendants point out, §1117(b) specifically refers to §1117(a) because it
21 is the damages or profits awarded under §1117(a) which can be trebled by the

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26 ¹ Because one of the cases relied upon by the court found that 15 U.S.C.
27 §1111 did not limit §1117(b), the court reasoned that it could not limit §1117(a)
28 because, as discussed herein, §1117(a) and (b) must be considered in tandem.

1 court for the use of a counterfeit mark or designation.² The court has the authority
 2 to treble the amount of damages or profits, whichever is greater, incurred from the
 3 time a defendant had “actual notice” of the registration. In that sense, §1117(b) is
 4 subject to §1111.

5 In sum, 15 U.S.C. §1111 clearly applies to §1117(a) and inherently applies
 6 to §1117(b) through §1117(a).³ For infringement of Plaintiffs’ tire tread design
 7 trade dress, whether that be innocent infringement or counterfeiting, Plaintiffs may
 8 not recover profits and/or damages under §1117(a) and any trebling thereof under
 9 §1117(b) prior to the filing of Plaintiffs’ complaint on April 2, 2014, the date on
 10 which Plaintiffs’ had “actual notice” of the ‘169 registration.⁴

11 Despite the suggestion in their response to Defendants’ Motion For
 12 Reconsideration that this court should find there is an issue of material fact
 13 requiring a jury to determine the issue of “actual notice,” the court will not
 14 reconsider its finding as a matter of law that Defendants did not have actual notice
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 17 ² The jury will be instructed about awarding profits and/or damages under
 18 §1117(a). Trebling of damages under §1117(b) and awarding statutory damages
 19 under §1117(c) in lieu of actual damages and profits are for the court’s
 20 determination.

21 ³ Plaintiffs are suing on a registered mark under both 15 U.S.C. §1114 and
 22 §1125(a). Therefore, Plaintiffs’ recovery of profits or damages under §1125(a)
 23 for infringement is limited to that period after which Defendants had “actual
 24 notice” of Plaintiffs’ registration. *Coach, Inc. v. Asia Pacific Trading Co., Inc.*,
 25 676 F.Supp.2d 914, 924-25 (C.D. Cal. 2009).

26 ⁴ It is not the mere filing of the Plaintiffs’ complaint on April 2, 2014 which
 27 provided actual notice to Defendants, but the service of the same on the
 28 Defendants.

1 of Plaintiffs' '169 registration until April 2, 2014, nor will the court reconsider its
2 finding that "willful blindness" cannot substitute for "actual notice" under §1111.

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4 **IV. CONCLUSION**

5 Defendants' Motion For Reconsideration Of Denial Of Motion For
6 Summary Judgment Regarding Outrigger Word Mark And Pre-Suit Counterfeiting
7 Damages," (ECF No. 331), is **GRANTED** as set forth above.

8 **IT IS SO ORDERED.** The District Executive is directed to forward copies
9 of this order to counsel of record.

10 **DATED** this 20th day of January, 2016.

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12 *s/Lonny R. Suko*

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14 LONNY R. SUKO
15 Senior United States District Judge
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